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Steve Wynn Met With Treasury Officials About Opportunity Zones After Stock Sale

The meeting occurred after the casino magnate resigned from his company and from the Republican National Committee in the wake of sexual-misconduct allegations

Steve Wynn, center, met with senior Treasury Department officials in June 2018, months after he resigned as CEO of Wynn Resorts. PHOTO:TOM WILLIAMS/ZUMA PRESS

By

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Former casino executive Steve Wynn generated $2.1 billion and a big potential tax bill last March when he was forced to sell his stake in Wynn Resorts Ltd. after sexual-misconduct allegations. Less than three months later, he held a meeting with Treasury Department officials as they were writing regulations for a new tax incentive that had the potential to help him defer and reduce those taxes.

Mr. Wynn met with senior Treasury officials on June 4 to discuss "opportunity zones," a break that was part of the 2017 Republican tax overhaul. The opportunity-zone program gives individuals a chance to defer and reduce capital-gains taxes if they make investments into low-income areas.

Mr. Wynn, who left his company and a Republican National Committee position early last year after being accused of sexual misconduct by former casino employees, attended the meeting in the Treasury building with Daniel Kowalski, a counselor to Treasury Secretary Steven Mnuchin who was helping write opportunity-zone regulations. Mr. Mnuchin stopped by the meeting to greet Mr. Wynn, according to a copy of the secretary's calendarthat the department periodically releases.

"The point of the meeting was for educational purposes," the Treasury Department said in a statement. "The Secretary briefly dropped by to say hello to Mr. Wynn."

Mr. Wynn's interaction with the Treasury Department doesn't appear to violate any laws or ethics rules, but it shows that he retained access to senior officials in government despite being largely locked out of the business and political worlds he had previously inhabited.

A former Treasury official familiar with the meeting said Mr. Wynn was seeking a broad interpretation of the statute that he ultimately didn't get. Treasury officials such as Mr. Kowalski routinely hold meetings with people interested in potential regulations; on opportunity zones, that included investors, state government officials and religious leaders.

Mr. Mnuchin's calendar doesn't specify what Mr. Wynn sought from Treasury, what Mr. Kowalski told him or whether the regulations ultimately benefited Mr. Wynn. The Treasury Department hasn't produced any documents in response to Freedom of Information Act requests filed in September on Mr. Wynn's interactions with Treasury officials.

"Mr. Wynn has no interest in commenting on reporting by The Wall Street Journal," said Lin Wood, one of his lawyers. Opportunity-zone investors aren't required to disclose their use of the tax break, and it isn't clear whether Mr. Wynn ultimately took advantage of the incentive.

abruptly resign from the company he founded more than 15 years earlier and to sell his 12% stake.

Mr. Wynn's business moves over the past year and his plans for the $2.1 billion couldn't be determined. Once a ubiquitous figure in Las Vegas, he recently has been keeping a low profile. Several people prominent in Las Vegas's business and political communities said the main place they see him around town is the arena where the National Hockey League's Golden Knights play.

Mr. Wynn was a confidant to President Trump; Mr. Mnuchin was the Trump campaign's finance chairman in 2016. Mr. Wynn contributed about $800,000 to federal Republican candidates and groups in 2017, according to Federal Election Commission records. Mr. Wynn served as RNC finance chairman until resigning last year after the sexual-misconduct allegations became public.

Because Mr. Wynn had been building his stake in the company for decades before the allegations, he could have been facing a substantial 2018 tax bill without the opportunity-zone break. It isn't clear how much of the proceeds from Mr. Wynn's unplanned stock sale represented a profit over his cost basis in the shares.

Such long-term capital gains would typically be taxed at a top rate of 23.8%. Even if only 25% of the proceeds were capital gains, he would owe about $125 million in taxes.

Mr. Wynn's March sale date meant he needed to invest the gains in an opportunity-zone fund by September if he wanted the benefits—tax deferral until 2026, a potential discounted tax rate and tax-free gains on new zone investments held for 10 years. Many investors waited for clarity on those regulations before they decided whether to put in money.

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Mr. Wynn has previously said the notion that he ever assaulted any women was preposterous. Wynn Resorts didn't deny recent findings by the Nevada Gaming Control Board that company executives mishandled former employees' allegations against Mr. Wynn.

Investors who want the opportunity-zone tax break have 180 days after they generate capital gains to roll the gains into a specified fund. Mr. Wynn's forced sale in March 2018 started a ticking clock if he wanted to use the tax incentive.

The government's rules, released in mid-October, were viewed by tax lawyers as favorable to investors generally. Like many other tax regulations, they apply to transactions that occurred before the rules came out.

Before the regulations were released, many investors were seeking assurances from the Treasury Department about what the rules would say. Some asked Treasury officials to allow more time before a fund was required to invest its money into opportunity zones and before a business in a zone had to spend that money, said Michael Novogradac, a San Francisco accountant advising opportunity-zone investors and funds.

Mr. Mnuchin's calendar shows frequent conversations with lawmakers, foreign officials and chief executives of major corporations. He holds very few meetings with or drops in on people like Mr. Wynn—private individuals who don't run major businesses.

"The Treasury secretary and other senior administration officials are millionaires and billionaires and they rub elbows with millionaires and billionaires," said Delaney Marsco, legal counsel at the Campaign Legal Center, a nonpartisan group favoring tougher enforcement of ethics laws. "There's a question about privileged access for wealthy folks."

Mr. Wynn was listed on Mr. Mnuchin's calendar as the CEO of Wynn Resorts, a job he hadn't held for months. By that point, he had largely disappeared from public life.

The Wall Street Journal in January 2018 reported on multiple serious allegations of sexual misconduct against Mr. Wynn, prompting gambling regulators in Nevada and Massachusetts to begin investigating him and the company. That forced Mr. Wynn to